

Generally, purchase orders accepted in a local jurisdiction would be subject to that local jurisdiction's occupation tax, if any. See 86 Ill. Adm. Code 270.115. (This is a GIL.)

April 28, 2006

Dear Xxxxx:

This letter is in response to your letter dated October 21, 2005, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.tax.illinois.gov](http://www.tax.illinois.gov) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I am an accounting firm and would like some verification concerning sales tax with a catering business. I am under the impression that if a client calls this catering business and places an order, and pays for this order at a CITY1 location, then the sales tax charged would be for the CITY1 area. The food is also made in CITY1 but delivered to various locations. Could you verify that this is a true assumption?

The next concern is with CITY2 Municipal Tax. The catering company has now signed a contract with a banquet hall in CITY2. They still make the food in CITY1 and get the payment sent to CITY1, but deliver the food to CITY2. The CITY2 is saying that this company has to charge the 8% state sales tax plus the 2% city tax because the food is served in CITY2. If this is true, then the catering company would have to file the ST-2 for every single location that he delivers food to. Is this correct?

Please help us to understand so the tax returns can be completed correctly.

Thank you for you help in this matter.

**DEPARTMENT'S RESPONSE:**

Caterers are vendors of tangible personal property under Section 130.2145. When they sell food or beverages to consumers, they incur a Retailers' Occupation Tax liability on their entire receipts from the transaction. Food prepared for immediate consumption is always taxable at the high rate of tax, which is 6.25% State rate, plus applicable local taxes.

Generally, purchase orders accepted in a local jurisdiction would be subject to that local jurisdiction's occupation tax, if any. The tax rate is fixed by the location of the sale, not the delivery location. For information regarding the application of local occupation taxes, please see 86 Ill. Adm. Code 270.115.

I hope this information is helpful. If you require additional information, please visit our website at [www.tax.illinois.gov](http://www.tax.illinois.gov) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess  
Associate Counsel

EEB:msk